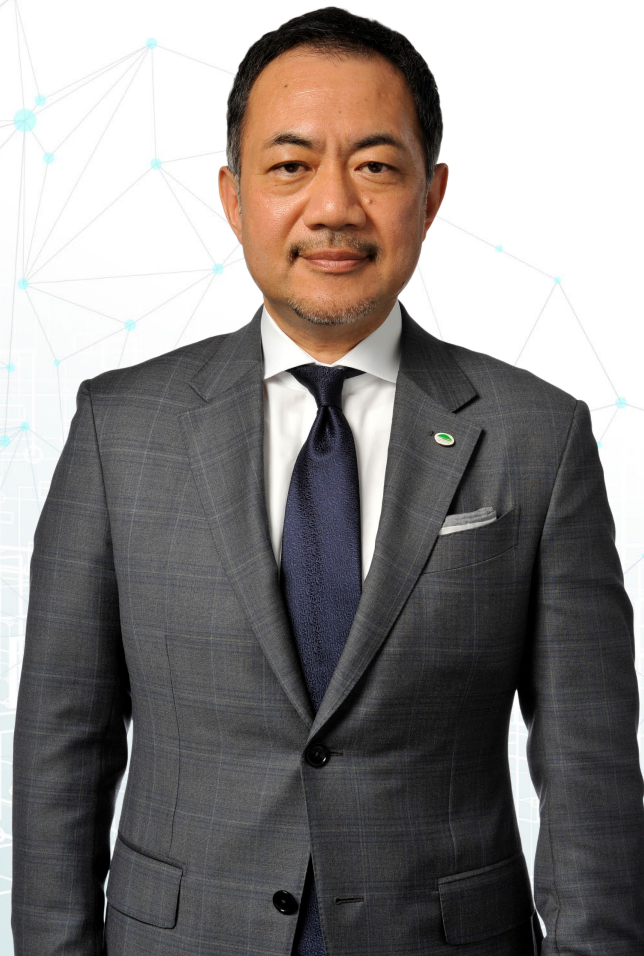


Hitachi Group IT Performance Report 2023

Year ended March 31, 2023



Message from CIO



By utilizing data and technology, Hitachi aims to build a sustainable society and provide happiness to people. Hitachi has been leveraging digital, green, and connectivity technologies to drive changes, expand our social innovation businesses in various industry sectors, and thereby provide value to customers and society.

With the aim of transforming IT to be able to contribute to expansion of social innovation businesses on a global scale, our IT departments have been making consistent efforts to implement our strategic measures based on the 2024 Hitachi Group IT Medium-Term Plan. We are moving forward with building a digital business management platform and restructuring IT to ensure agility, efficiency, and robustness and achieve data utilization and a cost structure that can compete against competitors around the world.

In an effort to develop a **digital business management platform** to achieve growth, speed, and efficiency required for businesses, we are developing and building a Group-wide CRM platform, digital transformation acceleration platforms and tools, and a shared worldwide ERP platform. We are also standardizing and consolidating our IT services.

We are also restructuring our IT assets, costs, resources, and governance structures to prevent increases in regular costs, **optimize IT human resources around the world, and diversify human resources.**

We are also striving to implement a more flexible IT architecture and a zero-trust approach and **strengthen our IT capabilities** to be able to address changes in our business environment and mitigate increasing risks such as natural disasters, international crises, and post-COVID-19 developments.

In order to make sure that these measures will be implemented on a global scale, we have launched an initiative to optimize allocation of IT functions. A regional CIO and a CoE have been placed in each of the major regions in the world to **speed up the decision-making process and our IT-related actions inside the Group.**

I believe that by engaging in co-creation with customers through these initiatives, we can improve the value of our customers' businesses. It is my hope that you find the information within this report useful.

CIO, and General Manager of the IT Strategy & Digital Integration Division
Vice President and Executive Officer,
Hitachi, Ltd.

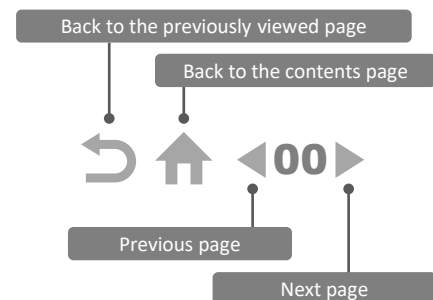
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Basic IT Policies

Basic IT Policies

Hitachi aims to provide value to our customers and to society through the realization of a sustainable society. The IT departments have formulated the 2024 Hitachi Group IT Medium-Term Plan in line with Hitachi's growth strategy. The plan seeks to transform IT so that it will contribute to the expansion of social innovation businesses worldwide.

Basic IT Policies

Basic IT Policies

We have formulated the 2024 Hitachi Group IT Medium-Term Plan based on the 2024 Medium-Term Management Plan.

Under the 2024 Hitachi Group IT Medium-Term Plan, our goal is to contribute to the expansion of social innovation businesses worldwide and to achieve cost levels and data utilization that rank among the best in the world. We will accomplish this by constructing a digital management platform and restructuring IT.

2024 Hitachi Group IT Medium-Term Plan (basic strategies to become what we need to be)

With the aim of providing support for achieving Hitachi's business vision and growth strategy, our IT department has formulated **the 2024 Hitachi Group IT Medium-Term Plan. The main pillar of this plan is to build a digital business management platform and implement IT restructuring.** We are making steady efforts to implement the measures that we have formulated in order to achieve the goals of the medium-term plan.

The mission of IT departments is to become agile and trusted partners, and to contribute to the acceleration of digitalization and business growth by providing technologies, human resources, and data solutions. To achieve this, **we are developing infrastructure and tools to accelerate the use of a standardized and shared IT platform and the**

use of data with the aim of enabling digital business management. We are also renewing our internal process to boost efficiency.

We are also consolidating and organizing our legacy IT^{#1} assets, optimizing the cost of IT services, implementing a cloud lift-and-shift approach, and leveraging new technologies in our efforts to push through structural reforms in terms of IT assets, costs, resources, and governance and control increase in regular costs.

In addition, we are working to strengthen IT resilience and control by adopting a more flexible IT architecture and developing and revising IT-related rules and guidelines in response to diversity needs, changes in the business environment, and increasing risks.


Executing Hitachi growth strategies


Hitachi is working to deliver value to society and customers in diverse industries through the use of digital, green, and connectivity technologies as change drivers. Hitachi BUs^{#3} and Group companies are moving forward with their strategies to, for example, incubate new digital businesses, achieve environmental goals, and strengthen and diversify human resources. **The IT departments are supporting these growth strategies including by making use of IT, digital, and advanced technologies, establishing shared platforms, implementing work style reforms, and developing human resources and are contributing to the execution of these strategies.**

As a result of our business portfolio reforms, Hitachi's business assets have been greatly globalized. Compared to the previous year, the ratio of IT costs incurred in countries outside Japan has increased by approximately 20%, and the ratio of IT personnel in countries outside Japan has increased by approximately 10%. This demonstrates that our IT capabilities have been expanding around the globe. **With the aim of providing support for Hitachi's business operations, we will build an IT environment in which we can immediately respond to business restructuring and globalization needs** such as future M&A deals and deconsolidation of Hitachi Astemo. **We will also develop a system that can prevent increases in IT costs even in the midst of business growth.**

Seven goals of Corporate IT


 Establish **standardized**, shared IT platforms


 **Utilize data** to enhance management

 **Allocate IT resource priority** to growth fields and regions

 **Improve digital literacy** to accelerate DX^{#2}

 **Modernize** legacy IT assets

 **Reallocate IT resources** and consolidate IT budgets in shared areas

 **Improve transparency** and optimization of IT costs

Major Global Policies

1 Constructing a Digital Management Platform

2 Restructuring IT

3 Adopting the Latest Technologies

4 Global Efforts

Major Global Policies

To contribute to the expansion of social innovation businesses and to the realization of digital management, we aim to build a digital management platform that will be shared throughout the Hitachi Group.

Even as we expand our company scope and portfolio, this shared platform will provide information for growth and keep costs down.

Major Global Policies

1 Constructing a Digital Management Platform

2 Restructuring IT

3 Adopting the Latest Technologies

4 Global Efforts

Major Global Policies 1 Constructing a Digital Management Platform

Group-Wide CRM^{#1} Platform

We are building a CRM platform to consolidate and visualize data about markets, customers, and projects globally, as well as to contribute to enhanced information-provision and sales activities in the marketing departments at all Hitachi companies.

By creating chunks of data that help us to comprehensively visualize the relationship between the Hitachi Group and our customers, we will strengthen marketing and sales activities through the entire Group.

Group-wide deployment and visualization of customer and project information of the entire organization

Our Group-wide CRM platform was released in Japan in August 2022 and in other countries in January 2023 (with the exception of some Group companies outside Japan who deployed the platform in advance). We are planning to deploy the platform to all companies from FY 2023 to FY 2025.

In order to enhance marketing and sales activities, we must be able to visualize business performance of the entire organization in real time and collect and accumulate data of the same quality from around the world. To this end, **we will encourage Group-wide sharing of information and visualize customer contact logs, orders received, opportunity pipelines, competitor information, and macro market information.**

Providing insights gleaned from data analysis

We will provide data-analysis functionality to achieve sophisticated utilization of consolidated data. In the past, we were only able to search the records of orders received and commodities procured by a BU or Group company by using a keyword indicating an industry sector, a region, a customer, etc. Our Group-wide CRM platform combines both external information (such as market scale and growth rate) and internal information (such as orders received, sales revenue, and gross profit), so we will be able to search information from many different perspectives.

Sales coverage ratio

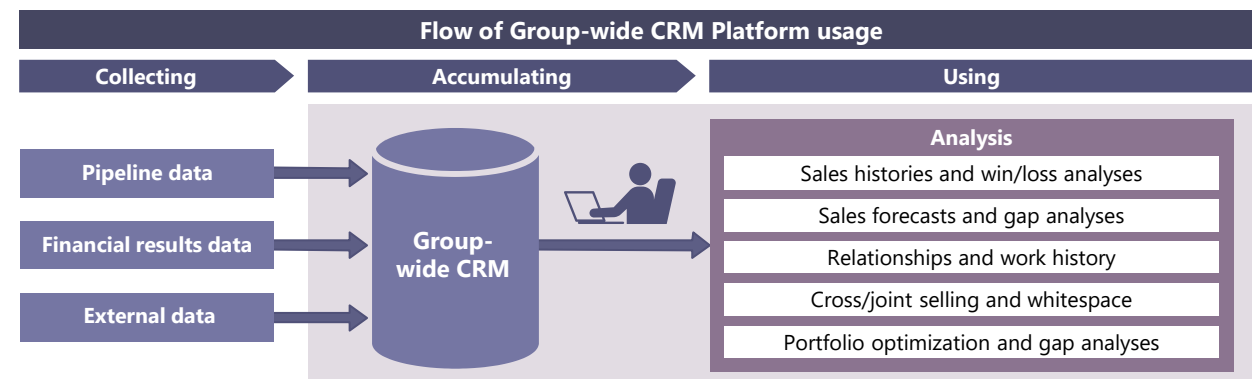
100%

Sales coverage ratio = Net sales of companies that have already deployed the platform ÷ Net sales of companies that have been requested to deploy the platform*

*Top 22 companies and 3 RHQs accounting for 73% of the net consolidated sales in FY 2021

Deepening sales activities by putting data to use

By assigning priorities to different opportunities, we will support cross-sales expansion and the creation of social innovation businesses across multiple departments. Our initiatives will support whitespace searches via the analysis of external and internal data in order to visualize data that could not be previously seen, as well as more developed proposals that make use of shared data on orders made, orders received, and customer data. In addition, by reducing the level of effort required to prepare proposals via the use of consolidated customer-relevant data and case examples, we will promote stronger sales activities. These efforts will not only make it possible to engage in more efficient sales activities, but will also allow us to generate proposals that maximize the value of the Hitachi Group for our customers.



#1 CRM: Customer relationship management

Major Global Policies

- 1 Constructing a Digital Management Platform
- 2 Restructuring IT
- 3 Adopting the Latest Technologies
- 4 Global Efforts

Major Global Policies 1 Constructing a Digital Management Platform

DX - Expanded Data Utilization

We are continuously advancing the preparation of environments for accumulating and analyzing data, in order to expand the usage of data and produce business-related benefits.

By creating templates based on case examples of data utilization and associated knowledge, in addition to distributing this information both inside and outside the company, we will promote DX as part of standard operations and develop and distribute DX solutions that are linked to shared ERP^{#1} platforms. Through these efforts, we will contribute to the strengthening of managerial effectiveness and business competitiveness.

No. of DX cases
(cumulative):

352 cases

DX cases that use Lumada's internal environment
Results are from the end of FY 2022

Expanding the benefits to business by creating and widely distributing DX case examples that use Lumada^{#2}

Improving the efficiency and accuracy of data analysis is indispensable for creating benefits through the expansion of data utilization. **We are creating templates based on the knowledge accumulated from the results of projects within the Hitachi Group, and are preparing a Lumada internal environment as a platform for widely distributing and re-using this information.** The benefits generated apply beyond the Hitachi Group. By providing templates to customers outside the Hitachi Group, we are also aiming to contribute to the business departments.

Lumada's internal environment is used in a wide variety of operational areas, such as sales, procurement, production, maintenance, and management. We have recorded a cumulative total of 352 cases where this environment has been used. This total is about 2.8 times the number compared to the cumulative total of 124 cases recorded in FY 2018.

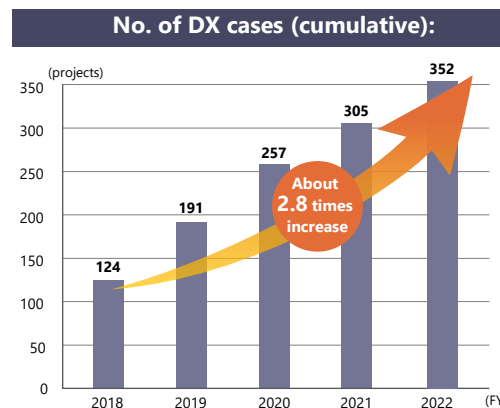
We are developing and distributing DX Solutions in coordination with a shared ERP platform in order to further promote making business operations more standardized and efficient via DX. By unifying data sources, we will standardize the data collection and analysis work that is required for individual businesses and operations.

DX solutions:

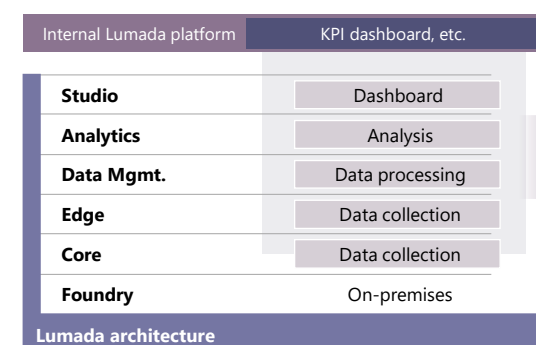
KPI visualization: This solution visualizes information necessary for making business decisions, so the users will be able to speed up the process of formulating the departmental budget, identifying the business performance, and making forecasts.

Marketing DX: This solution leverages internal and external data (such as market and performance data) and automatically generates a forecast of expected orders and business performance. This helps speed up the process of making a business decision.

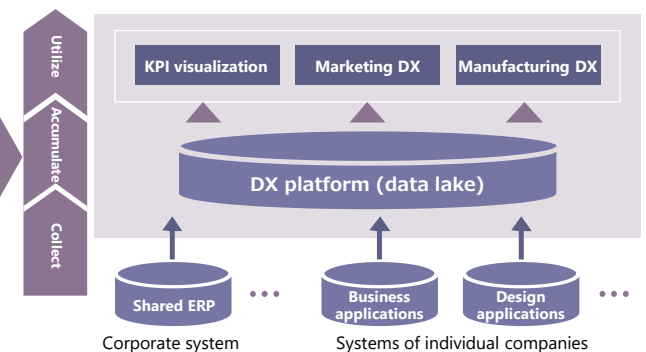
Manufacturing DX: This solution can be used to collect and analyze data and optimize EOL^{#3} management, product quality, and inventory assets. This helps improve product quality and add value, thereby contributing to improved business competitiveness.



Individual cases of DX support that uses Lumada



Standardizing data collection and analysis operations with "DX Solutions"



#1 ERP: Enterprise resource planning

#2 Lumada: A collection of solutions, services, and technologies developed through the use of Hitachi's cutting-edge digital technologies. Lumada is intended to create value from customer data and accelerate digital innovations.

#3 EOL: End of life

Major Global Policies 1 Constructing a Digital Management Platform

Major Global Policies

DX - More Efficient Operational Processes

We are moving forward with efforts to establish and widely distribute digital tools and solutions for business reforms and for making business more efficient.

We continue to provide support for the standardization of core operational processes and for making ongoing operations more efficient. These goals are accomplished, for example, through the sharing of case studies and knowledge and through the expansion of templates.

Automating and enhancing operational processes by utilizing digital technologies

Throughout the Hitachi Group, we are promoting more efficient operations via the introduction of RPA^{#1}. To this end, we are engaged in efforts to establish shared platforms that allow us to see the effects of consolidated management, as well as guidelines for stronger governance, in addition to administering RPA user meetings that assemble persons promoting RPA within the Hitachi Group. As a result, RPA has been introduced to a cumulative total of 120 departments as of the end of FY 2022, helping to reduce work hours by about 670,000 hours. We are aiming for even greater expansion in the future. In addition, we are focused on the potential of generative AI

technologies and are promoting the safe and effective use of those technologies.

In FY 2021, we began promoting visualization and analysis of operational processes by utilizing process mining.

Regarding the IT departments' efforts to promote the standardization of core operational processes and introduce a shared ERP platform, we are optimizing the "Fit to Standard"^{#2} approach through the application of process mining in the analysis of current operations. With respect to the operational issues discovered through this analysis, we have been moving forward with operational improvements that make use of tools to increase the efficiency of operations, such as RPA.

No. of work hours reduced through the introduction of RPA

About

670,000 hours

Cumulative total through FY 2022
Calculated based on log data obtained from servers managed through the common RPA platform

Empowering employees through the democratization of DX

We aim to accelerate DX and develop an innovative corporate culture by promoting DX to regular employees, so that they can handle a variety of different operations (in fields such as manufacturing, procurement, and finance) without having to rely on IT specialists.

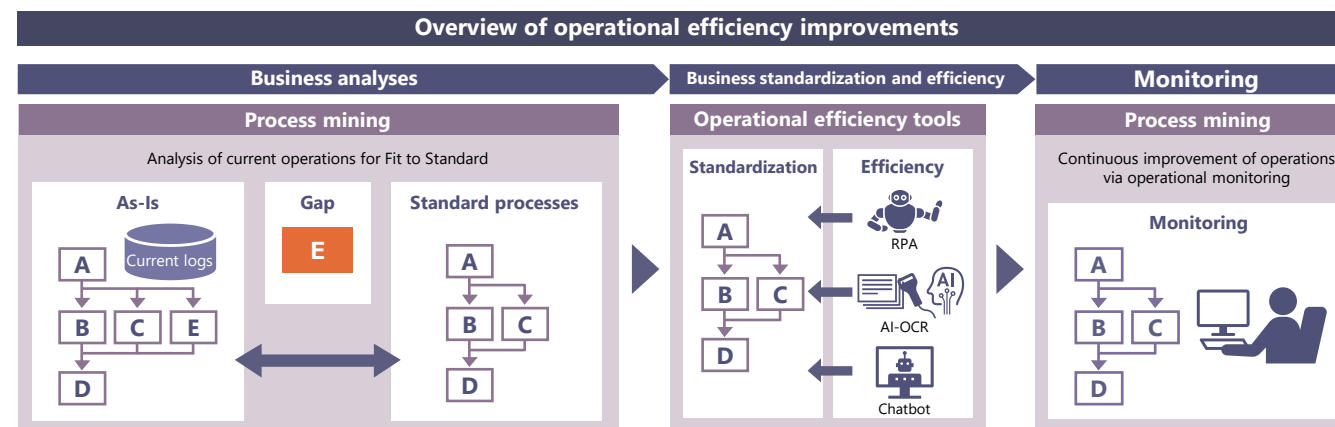
In April 2023, we defined the levels of employee skills and the processes for improving employee skills required for data utilization. Since then, we have been providing learning materials, tools, and assistance necessary to develop DX human resources.

1 Constructing a Digital Management Platform

2 Restructuring IT

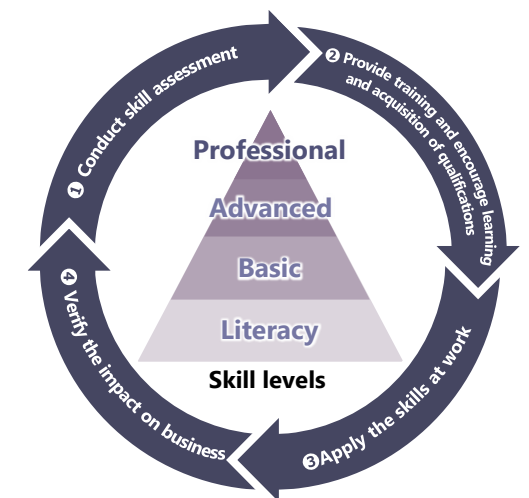
3 Adopting the Latest Technologies

4 Global Efforts



#1 RPA: Robotic process automation

#2 Fit to Standard: Method for aligning operations with standard ERP functionality. By applying standardized functionality to the greatest extent possible and avoiding additional development, this method enables the introduction of the shared ERP platform within a shorter time frame and at a lower cost while conforming to best practices.



Major Global Policies

1 Constructing a Digital Management Platform

2 Restructuring IT

3 Adopting the Latest Technologies

4 Global Efforts

Major Global Policies 1 Constructing a Digital Management Platform

DX - Support for Decision-Making

In an effort to enable faster and better decision-making, we have been developing and using a digital business management platform for purposes such as the following: (1) Forecasting business performance and provide information about risks, (2) Visualizing data and performing simulations to be able to improve resilience of the procurement supply chain, (3) Visualizing scope-3 upstream CO₂ emissions, and (4) Detecting abnormal procurement values.

Use of global management information and more advanced management decisions

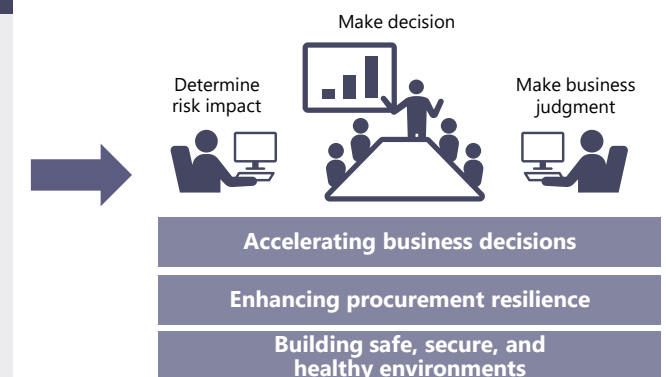
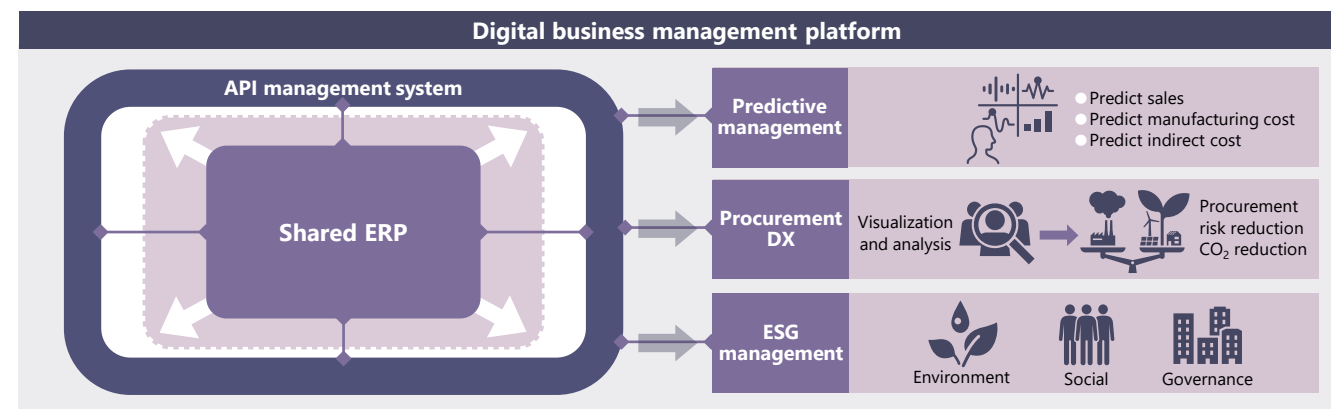
To enable managerial decision-making that not only spans the entire Hitachi Group but is also more timely and more flexible, **we have been developing and maintaining a digital business management platform in which raw data (such as sales figures and indirect cost details) is collected from the shared ERP through the use of an API^{#1} management system, making it possible to efficiently aggregate and analyze this data.** Most recently, we have been engaged in using AI^{#2} for predictive management based on global management data that was accumulated in the digital business management platform.

In FY 2022, we conducted assessment of a model for forecasting sales amounts and manufacturing costs. This model was adopted by some business entities and contributed to faster decision-making. We also developed a dashboard to enable visualization and analysis of data collected from the digital business management platform and enable users to perform the following actions: (1) Examine global trends and identify the procurement risks as early as possible, as part of procurement DX initiatives, (2) Implement carbon neutrality measures based on visualized information about scope-3 upstream CO₂ emissions, and (3) Examine the detected abnormal values and implement measures to improve the quality of basic procurement processes.

In the future, we will expand on our available linkage of systems to align with usage needs, such as those for sales, human resources, and production.

In addition, we are taking advantage of Lumada services such as time-series prediction and regression analysis to collect, visualize, and analyze information with the aim of contributing to ESG^{#3} management, which covers problems related to environment, safety, health, etc.

Data governance is extremely important for data accumulation and usage platforms, for which accuracy, comprehensiveness, and integrity are required. To accelerate the use of business management information globally, we are defining common rules throughout the Hitachi Group related to the usage of management data, while at the same time establishing monitoring systems for data quality and working to maintain and improve quality.



#1 API: Application programming interface #2 AI: Artificial intelligence #3 ESG: Environment, social, governance

Major Global Policies

- 1 Constructing a Digital Management Platform
- 2 Restructuring IT
- 3 Adopting the Latest Technologies
- 4 Global Efforts

Major Global Policies 1 Constructing a Digital Management Platform

Global Shared ERP Platform

By standardizing core operational processes and introducing a global shared ERP platform, we can slim down IT assets, strike a balance between lower IT costs and greater flexibility, and make rapid decisions through the consolidation of data.

Integration and consolidation toward a shared ERP platform

The current versions of ERP systems that were introduced and individually operated by Hitachi Group companies will reach the end of their support periods in 2027. The Hitachi Group is taking this opportunity to **integrate and consolidate ERP systems within the group towards a shared ERP platform. This will enable Hitachi to respond rapidly, for example shifting human resources and asset resources to competitive business areas, and by effectively reorganizing businesses.**

The shared ERP platform will raise the proportion of core areas^{#1} and common areas^{#2}, while also appropriately allocating distinct areas^{#3} that provide support for business competitiveness. In addition, we will build ERP instances that are appropriate for and at the minimum required scale for each business model, and promote the efficient migration and introduction of these instances by using the "Fit to Standard" method.

Making IT assets more lightweight, reducing IT costs, and speeding up management

By bringing over the capabilities of the legacy systems that have been individually developed and operated at various Hitachi Group companies and incorporating them into a shared ERP platform, we can accelerate the slimming down of our IT assets. Furthermore, by keeping the development scope to the minimum required level, we can both maintain business competitiveness and keep IT costs down.

The shared ERP platform will contribute to data-driven management and the acceleration of DX adoption, through the centralized management of Hitachi Group management data and linkage with other shared IT platforms. In addition, by proactively utilizing cutting-edge technologies and advanced cloud services and solutions, we are contributing to flexible and rapid responses to changes in the business environment, and are helping to build a sustainable society.

Benefits from building a shared ERP platform

70 billion yen

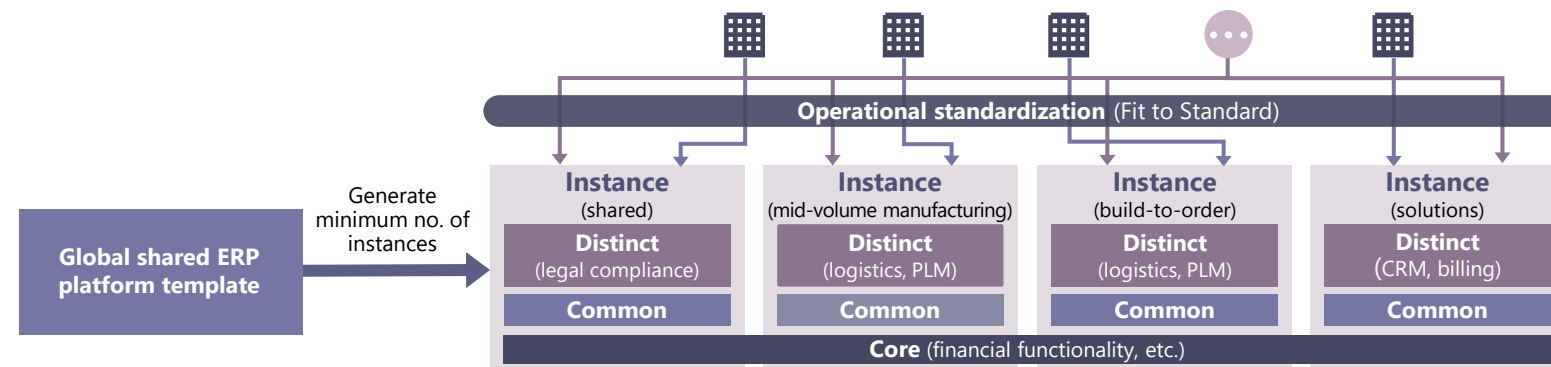
Cumulative benefits through FY 2025

Accomplishment of first pilot introduction and establishment of AMO^{#4}

In FY 2022, we finished building instances for the shared business model, and in April 2023, we officially commenced operations of the first pilot company for the same model.

Through this introduction case study, we acquired practical expertise on shared introduction procedures for the shared ERP platform as well as on the "Fit to Standard" method, and we have formed a specialized, highly skilled global team who is responsible for introduction and migration. Furthermore, **we have established an AMO provision organization who is responsible for the centralized and scalable operation and maintenance of all ERP instances.**

We will make maximum use of these in subsequent introduction projects, aiming for steady integration and consolidation by FY 2027.



- #1 Core area: Used in common for all business entities
 #2 Common area: Used in common for each business model
 #3 Distinct area: Used independently by each BU or Group company
 #4 AMO: Application management outsourcing

Major Global Policies

1 Constructing a Digital Management Platform

2 Restructuring IT

3 Adopting the Latest Technologies

4 Global Efforts

Major Global Policies 1 Constructing a Digital Management Platform

IT-GBS^{#1} & Consolidation of IT services

Through standardizing and consolidating IT services and IT operational processes, we can offer more advanced maintenance and operation services at a lower cost.

By unifying IT services globally, we will optimize IT costs for the Hitachi Group, and build a solid foundation for Hitachi to compete worldwide.

Improving cost effectiveness by consolidating and automating services

From FY 2023, we will standardize our IT operational processes on a global scale, consolidating IT systems that have been developed individually at various Hitachi Group companies into shared IT services (IT infrastructure and ERP).

The consolidation of operations and process automation of shared services allows us to provide low-cost IT services and optimize IT resources, as well as improve cost-effectiveness.

In addition, we are aiming for greater efficiency by performing operations at low-cost sites globally from FY 2024.

Improving user convenience and the speed of new business launches

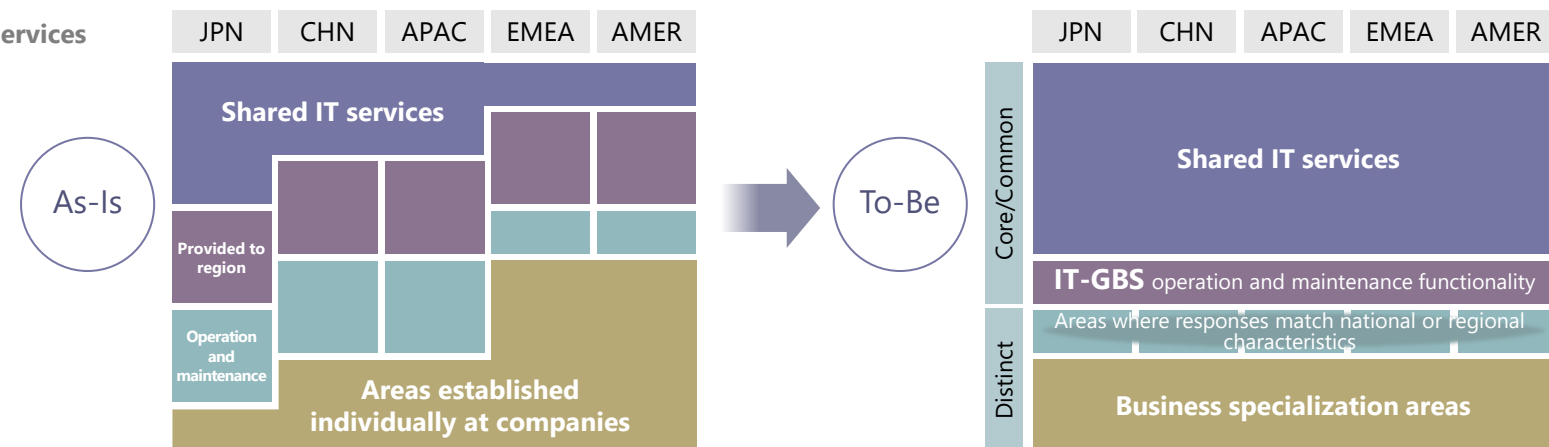
We will provide shared IT services at a uniform level of quality, so that employees of the Hitachi Group can devote themselves to their businesses without regard to working location (such as country or region). We will roll these services out globally in a phased manner starting in FY 2023. In particular, we are working to do away with applications for the distribution of office equipment, reducing delivery times for the provision of IT services required for business processes, and accelerating incidence response through visualization of the status of IT services. By doing so, we will improve convenience for users, while at the same time helping to accelerate the establishment and expansion of sites that accompany business launches and global development.

Enhancing security through global unification

By promoting the application of shared IT services worldwide that meet Hitachi's security standards, we will strengthen the security of the Hitachi Group overall, so that employees of the Hitachi Group can safely devote themselves to business without being exposed to external threats.

In addition, we will work to globally unify our security policy from FY 2023 by providing support services, such as automation of security measures, to Hitachi Group companies that have inadequate security measures.

Establishing shared IT services



#1 GBS: Global business service

Major Global Policies

- 1 Constructing a Digital Management Platform
- 2 Restructuring IT
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- 4 Global Efforts

Major Global Policies **2** Restructuring IT

Restructuring IT Assets and Costs

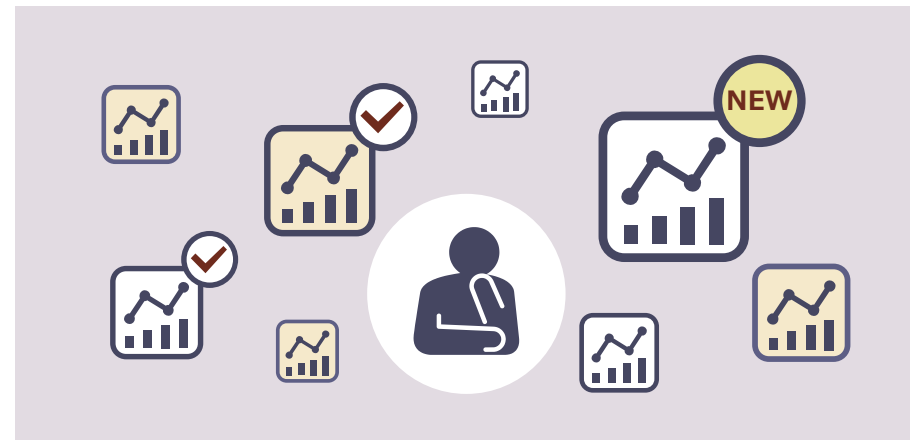
We will achieve more lightweight IT assets and reduced maintenance costs through the organization of legacy IT and the consolidation and integration into modernized, shared services.

Through a review of IT service costs throughout the entire Hitachi Group, we are promoting simple and low-cost IT operations.

More lightweight IT assets and reduced maintenance costs

Up to this point, the various companies of the Hitachi Group have owned and operated IT assets according to their own unique operational processes, but this practice has led to duplicated IT assets and IT operating costs within the Hitachi Group.

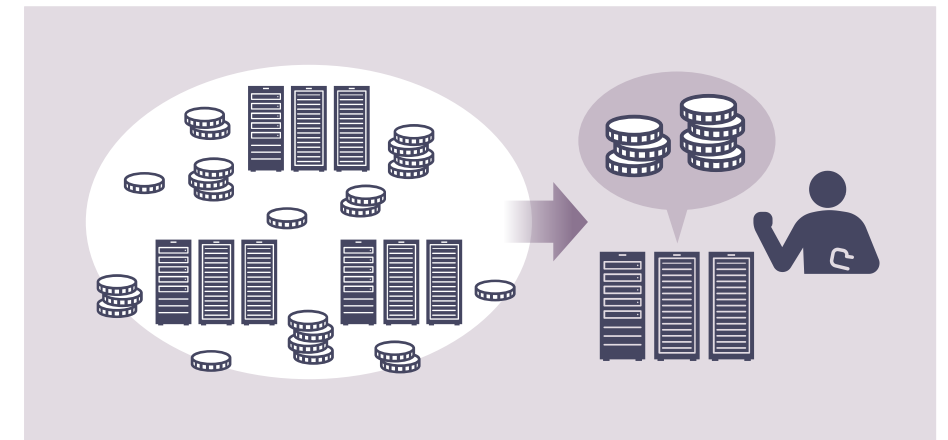
This situation must change, and as we continue to strengthen our corporate governance, we are working towards a greater standardization and use of shared offerings for operational processes and IT operations that span the entire Hitachi Group. By consolidating to shared services, shifting to the cloud, and organizing legacy IT, we are promoting more lightweight IT assets and reducing maintenance costs. Through these efforts, we can keep rising regular IT costs in check as our businesses expand, while at the same time securing growth investments that contribute to management and business. By periodically monitoring the Hitachi Group's regular IT costs and returns on investment, we are steering the PDCA cycle toward improvement.



Consolidating and integrating IT assets through modernization

By modernizing legacy IT at various Hitachi Group companies, we are moving towards consolidation into company-wide shared IT services that are agile, efficient, and strong. We set the reduction of legacy IT as a KPI, and have been monitoring our progress toward achievement of this goal. In FY 2022, we successfully hit the reduction target.

In addition, we will carefully examine and categorize the IT assets and costs of all Hitachi Group companies into shared IT areas (core IT) and business-specialized IT, and consolidate the IT assets of the unique core IT areas that each Hitachi Group company has had up to this point into shared IT services. In this way, we can expand the proportion of core IT as well as restructure costs.



Major Global Policies

1 Constructing a Digital Management Platform

2 Restructuring IT

3 Adopting the Latest Technologies

4 Global Efforts

Major Global Policies 2 Restructuring IT

Allocating IT Resources for Growth

To build and promote a digital management platform, we are emphasizing the allocation of IT resources and transferring authority to growth areas. In addition, we are reviewing IT budgeting systems in order to accelerate shared offerings and standardization.

Optimizing IT governance from a global perspective

We are allocating IT resources and delegating authority to areas that are important for business growth, in support of rapid business decision-making.

- (1) Satisfying IT requirements of BUs and Group companies in various regions
- (2) Thoroughly implementing regional security, compliance, and human resources policies
- (3) Spreading the project to build a digital management platform to regions

To accelerate these three activities, we are optimizing IT governance from a global perspective. In FY 2023, we established new regional CIOs in the US and EU regions.

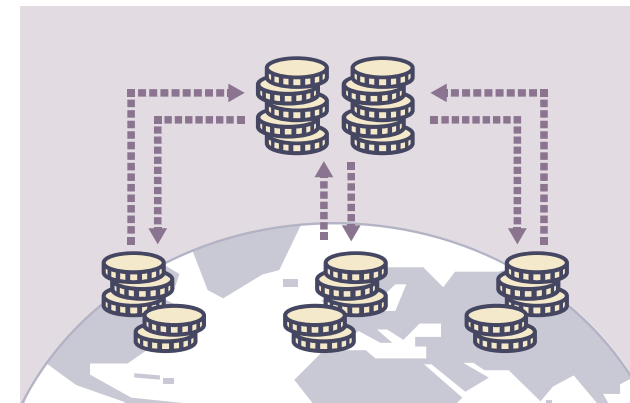


Consolidating management of IT budgets in shared areas for the Hitachi Group

To achieve faster and definite implementation of policies shared across the Hitachi Group, we will reform budgeting systems so that IT budgets are managed in a consolidated manner.

By optimizing the allocation of IT budgets according to business scale and importance, we can protect against the over-expansion of and duplicate investments in business specialization areas. We will ensure a sufficient IT budget for shared areas.

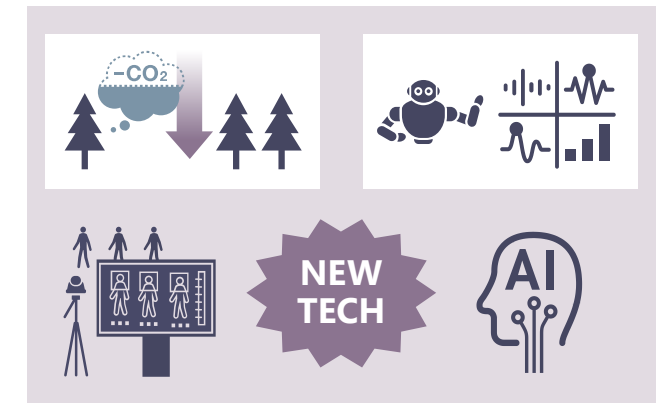
On the other hand, regarding IT cost efficiency, we will ensure transparency by continually comparing against past results and benchmarks at other companies.



Adopting new technologies rapidly and widely

As part of the process of standardizing and modernizing systems, we will also actively adopt the latest IT to achieve more advanced and efficient services.

In addition, we will also work to build a foundation for executing future reforms in the area of "IT as a management tool", such as improving the visibility of environmental indicators by constructing a digital management platform, and improving managerial speed by providing information in real time.



Major Global Policies

1 Constructing a Digital Management Platform

2 Restructuring IT

3 Adopting the Latest Technologies

4 Global Efforts

Major Global Policies 3 Adopting the Latest Technologies

Technology Strategies That Support Management Reforms

With an eye always on the latest information technologies, we will actively use them to increase the agility, efficiency, and strength of our IT infrastructure while contributing to corporate transformation and global business expansion.

Under the 2024 Hitachi Group IT Medium-Term Plan, we are focusing on five different areas and promoting consideration of their application within the Hitachi Group. In addition, we are considering applying generative AI and other cutting-edge IT of note to our business operations, taking into consideration the associated risks.

Focus areas



1 Sustainability

We will provide IT services that support the goal of carbon neutrality for the Hitachi Group, achieved through the encouragement of the consolidation and visualization of environmental data and the introduction of devices or services with low CO₂ emissions.



2 Work-Style Transformation

We aim to effect quality-of-life improvements through next-generation work-style and operational reforms to achieve improvements in the promotion of global collaboration and employee engagement. In FY 2023, we are working on initiatives such as automation of inquiries and engagement analysis from communication data.



3 Democratization of DX

By constructing platform environments that can improve digital literacy among regular employees and by training human resources, we can empower every employee through the democratization of DX. We are promoting the deployment of platforms and tools and human resource development for employees to promote DX.



4 Edge & Cloud Computing

We are moving forward with the rapid adoption of cutting-edge technologies based on the prerequisites of "cloud-first" and "asset-light", such as hybrid cloud and edge computing. We are promoting the provision of IT environments and services that enable secure utilization of cloud resources from production and manufacturing environments as well as research and development environments.



5 Trust & Resiliency

We will offer security platforms that support the safe and secure distribution of data, through automatic responses to cyberattacks based on a zero-trust framework and the automation of security operations.

Support for generative AI

Aiming to improve the quality and productivity of business operations, Hitachi is promoting the utilization of generative AI, the latest IT technology.

While the utilization of generative AI has the potential to dramatically change business operations, it also entails risks such as information leaks. For this reason, Hitachi has made it known to all employees that they must understand the specifications of generative AI and use it only after going through the application and approval procedures under the company rules.

In addition, we will participate in CoE^{#1} activities that bring together generative AI specialists and business departments to promote its utilization, and will contribute to improving the quality and productivity of internal business operations through the utilization of generative AI.

Benefits of utilizing generative AI

Improvement of quality and productivity

Management operations

Development operations

Initiatives for the utilization of generative AI

Generative AI specialists

Business departments

CoE activities

IT departments

#1 CoE: Center of excellence

Major Global Policies

- 1 Constructing a Digital Management Platform
- 2 Restructuring IT
- 3 Adopting the Latest Technologies
- 4 Global Efforts

Major Global Policies 4 Global Efforts

Assignment of Global IT Functions

To strengthen global strategy formulation and decision-making, we have established a “Deputy CIO of ITSD for Special Mission” for each role, with three leaders participating.

We have established a Global One Team operation structure, in which IT departments in each region are organized into CoEs by function, to lead global IT.

Jaya Ramaswamy

Deputy CIO of ITSD for Special Mission (Regional CIO US)



In FY2023, our priority is to increase the regional business alignment to deliver business value, support business growth while driving efficiency and productivity with automation and innovative technologies. Be involved in Hitachi Global IT Strategy and structural reform to elevate customer experience, operational excellence and cost efficiency. Rationalize to reduce unnecessary cost and maintenance, and to minimize security attack surface. Drive change through process automation and DX (data and analytics to enable a data-driven enterprise). Focus on sustainability, Zero-trust security, digital workplace and continue to explore technology that can deliver IT agility.

Timothy Coles

Deputy CIO of ITSD for Special Mission (Regional CIO EU)



As Regional CIO for Hitachi Europe my goal is to set out a strategy to help drive regional business alignment and growth by leveraging innovative technologies and automation to deliver business value, while ensuring operational efficiency and productivity. As Hitachi Group IT, we are committed to enhancing customer experience and cost efficiency. We strive to minimize security risks and unnecessary costs through rationalization, and to promote a data-driven enterprise by utilizing data and analytics. Our focus on sustainability, zero-trust security, and the digital workplace, as well as our ongoing exploration of new technologies, enables us to deliver IT agility and drive change throughout our organization.

Jeremy Tjebbes

Deputy CIO of ITSD for Special Mission (Shared ERP AMO)



The shared ERP platform is one of our key projects launched to deliver our mid-term management plan to deliver simplification, digitalization, globalization and productivity improvement.

The shared ERP platform stands for New ERP Worldwide Transformation, is based on S/4HANA and is integrated to our global IT solutions. We are deploying the shared ERP platform throughout the group to standardize our core business processes, whilst consolidating and reducing our IT run and support costs.

The shared ERP platform transforms the speed in which we introduce innovation into our business and advances the way we support, manage and grow our IT capability.

The shared ERP platform project is an exciting journey, which will take time, but bring immediate value and benefit to our company.

CIO, and General Manager of the IT Strategy & Digital Integration Division

Deputy General Manager

Deputy CIO of ITSD for Special Mission (Regional CIO US)

- Responsible for the U.S. region and supporting CIOs in global strategy formulation and decision-making

Deputy CIO of ITSD for Special Mission (Regional CIO EU)

- Responsible for the EU region and supporting CIOs in global strategy formulation and decision-making

Deputy CIO of ITSD for Special Mission (Shared ERP AMO)

- Responsible for the income and expenditure of the shared ERP AMO service as well as responsible for the coordination, promotion and service launch/global expansion

	Major Functions
Hitachi Europe Ltd.	Shared ERP AMO & SWAT-G (Shared Model)
Hitachi America Ltd.	Business Support (Digital & Industry)
Hitachi Asia Ltd.	Unified IT Development & Maintenance
Hitachi India Pvt. Ltd.	Unified IT Managed Services Providing

Major Global Policies

- 1 Constructing a Digital Management Platform
- 2 Restructuring IT
- 3 Adopting the Latest Technologies
- 4 Global Efforts

Major Global Policies 4 Global Efforts

Contributions to Regional Business Strategies in Global Areas

The IT departments in each of the five global areas are contributing to the smooth and efficient management of business through various measures tailored to each region's particular characteristics and business strategies.



Hitachi America Ltd. | Jaya Ramaswamy

Hitachi America's mission is to drive growth for Hitachi in the Americas across all sectors, contribute to and support our business units, have a positive impact on society and the communities we serve, and commit to sustainability, and foster a culture that is diverse, inclusive and innovative, and lives by Hitachi's values: Harmony, Sincerity and Pioneering Spirit. The primary focus is to build regional growth strategies that complement our sectors by understanding the regional market dynamics, growth drivers, risks and capital allocation and investment opportunities. Promote "One Hitachi" activities where synergies happen naturally across Hitachi America's Group companies.

Hitachi America Information Technology organization's focus is to contribute to regional growth strategies, expansion of new services to our regional customers, IT Security and One Hitachi initiatives. Our IT security mission is to deliver managed services by adopting standardized, unified and quantified information security and risk management methodology to protect our businesses and customers through risk-based assurance. We collaborate with the America's innovation team and regional BU's on new business incubation efforts and future innovative technologies (Generative AI, Metaverse, IoT^{#1} Security etc.,). In FY23, we have initiated DX transformation efforts using low-code platform and plug-n-play solution model.

1 IoT: Internet of Things



Hitachi Europe Ltd. | Jeremy Tjebbes

2022 has been an exceptional year for Hitachi Europe with continued strong growth in shared services across Europe, reducing IT costs for Hitachi in the region and improving collaboration by sharing platforms and systems.

In addition to our service expansion, we have seen close collaboration with the corporate IT department (IT Strategy & Digital Integration Division (ITSD)). Together we have launched and delivered two key projects; the establishment of Public Cloud 2.0 service as our secure Azure cloud offer and the build of the shared ERP platform to replace our existing SAP instance with the Hitachi templated S/4HANA solution.

The team in Europe has been strengthened with ITSD representation to help us build out a global application support function for the shared ERP platform and will continue to expand to deliver the needs of the business.



Hitachi (China), Ltd. | Bao Long

In China, we have a challenge in complying with 3 digital laws, as well as region specific IT environment and business process standard, in order to efficiently support various kind of Hitachi business requirement in China from the IT perspective. Especially the impact of Data Security Law might be serious, since it might restrict global data exchange as for individual data and important data, Government defines. Although the detail is still so unclear that it remains huge gray zone, the Law has become active, and some others has been already punished by it.

As for those services or global data exchange, which might become risky in China, we are preparing the China version of Hitachi Group shared services under the leadership of HQ/IT division.

We may do our best to better comply with this special environment and prepare for valuable solution not only for China local business but also help global unified type of business to take proper action in China.

Major Global Policies

- 1 Constructing a Digital Management Platform
- 2 Restructuring IT
- 3 Adopting the Latest Technologies
- 4 Global Efforts

Major Global Policies 4 Global Efforts

Contributions to Regional Business Strategies in Global Areas

The IT departments in each of the five global areas are contributing to the smooth and efficient management of business through various measures tailored to each region's particular characteristics and business strategies.



Hitachi Asia Ltd. | Anang Zainuddin

ASEAN region has gone through various shifts to mitigate risks on various domains and Hitachi groups in this region have contributed to the business performance through addressing the challenges and obtaining more business opportunities in the targeted growth areas. Hitachi Asia Ltd. (HAS) IT department has again supported the business in realizing their improvement through the global initiative to standardize business process and consolidate the system landscape.

We coordinated the progress of IT standardization and consolidation and continue to monitor these activities for ASEAN group companies. This has also allowed IT to also look at security from a platform approach, where solutions work together seamlessly. We have continued to conduct various initiatives to share knowledge and to empower our Hitachi groups to be more productive.

As part of the global IT platform unification and structural reform, HAS IT will take on additional role to lead global measures and taking responsibility for IT performance, in cooperation with other regional IT. With our commitment, we hope to contribute the realization to improve Hitachi group's Green/Security/BCP^{#1} initiatives.



Hitachi India Pvt. Ltd. | Shibata Hideyuki

In India region, there are over 30 Hitachi Gr companies, and majority is manufacturing industry and IT. We, Hitachi India IT team, provides Global standard IT services and Local IT solutions according to business type and requirement from these companies. For example, we supported IT infrastructure set up for new factory as their project manager.

M&A in Hitachi group happens frequently, and new company has their own IT infrastructure and policy. To keep IT security at a high level as same as Hitachi standard rule, we visit office/factory and assess security and suggest security level improvement. We hold security session for all employees regularly and conducted security maturity level assessment to know our current security awareness level and consider improvement plan. Indian government will enact Digital Personal Data Protection Bill soon then we have started data protection activity to support data protection management activity in each company.

From FY2022, we are charge of Unified IT-PF global operation and lead this project to provide follow-the-sun support to all region. As first phase, we'll start Security Assistance Service for all region, and as second phase, we'll start Managed Service for all region. I hope that these supports will improve work efficiency and contribute Hitachi group business indirectly.

IT Infrastructure and Modernization

1 Next-Generation Architecture

2 Cloud and Edge Strategy

IT Infrastructure and Modernization

With a shift to a zero-trust and internet-based architecture for IT infrastructure, the entire Hitachi Group will achieve a safe and secure IT environment for both its employees and businesses. Business will expand through the introduction of new ways of working and the adoption of cloud services.

IT Infrastructure and Modernization **1** Next-Generation Architecture

IT Infrastructure and Modernization

Next-Generation IT Architecture Based on Zero-Trust Security

In the world of the internet, where cyberattacks are becoming increasingly sophisticated and skillful year after year, we are engaged in efforts to achieve safe and secure IT environments for both our employees and businesses throughout the entire Hitachi Group, in order to grow our businesses by introducing new ways of working and adopting cloud services.

IT infrastructure for achieving zero-trust security

Following the steady entrenchment of hybrid work (office work and remote work) due to the spread of COVID-19, the Hitachi Group has been promoting a shift to an architecture based on zero-trust security to enable our employees to work securely anytime, anywhere.

Currently, we have completed shifting assets and services such as intranet sites and VDI to the cloud, and **access control is performed through a cloud-based zero-trust security platform. In addition, we have finished segregating various on-premises systems within the private network, and are implementing access controls on differing network segments.** Going forward, we will continue to promote the shift to direct internet connections for client devices, and further enhance our security measures.

Security measures appropriate for on-premises/cloud hybrid environments

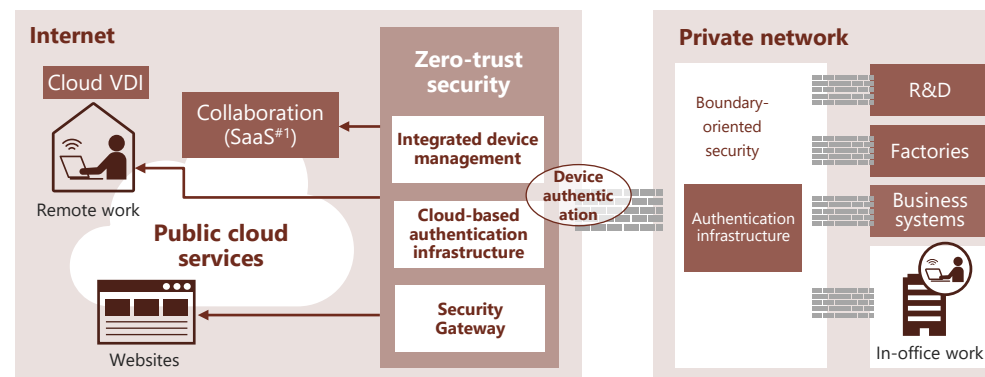
The Hitachi Group is aiming for an environment that enables the seamless and safe use of information assets distributed on-premises and in the cloud by passing communications from client devices through a cloud-based zero-trust security platform.

Recently, **we have introduced into our zero-trust security platform a device authentication function that controls access from unauthorized devices and an integrated device management function that audits PC and smartphone device posture and other information, thus strengthening the security of client devices that access information assets.** In the future, we will promote functional enhancement of the zero-trust security platform and expand the fields to which it can be applied so that cloud services can be used safely even from plant, research, development, and other systems that are comprised mainly of on-premises environments.

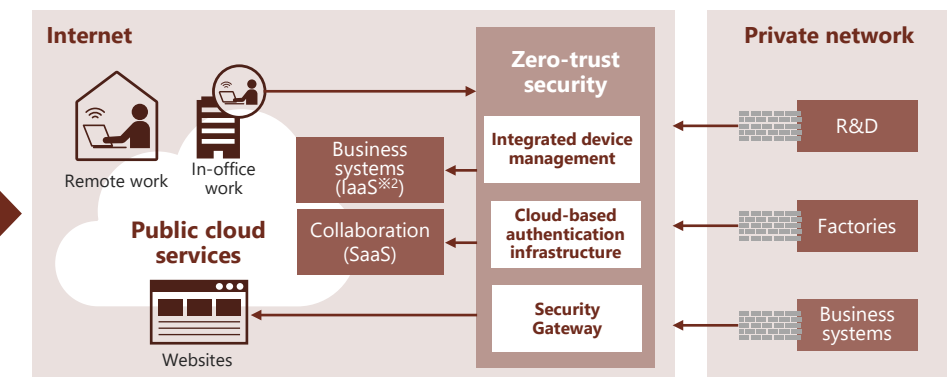
1 Next-Generation Architecture

2 Cloud and Edge Strategy

IT infrastructure based on boundary-oriented security



IT infrastructure for achieving zero-trust security



#1 SaaS: Software as a service
#2 IaaS: Infrastructure as a service

IT Infrastructure and Modernization **2** Cloud and Edge StrategyIT Infrastructure
and Modernization**1** Next-Generation Architecture**2** Cloud and Edge Strategy

Making IT Assets More Lightweight via the Cloud, and Adopting Edge Computing

In response to trends such as sudden changes in business environments and lifestyles as well as the promotion of DX and data utilization, we are formulating strategies for cloud and edge computing that incorporate an expanded migration to public cloud services, support for multiple cloud environments, and the use of edge data centers, based on the prerequisite of a cloud-first and asset-light approach.

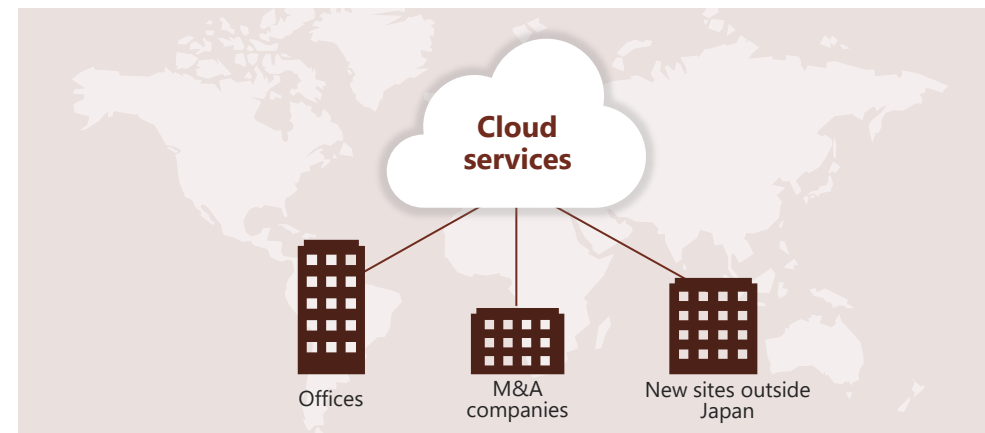
In parallel with promoting the shift to the cloud, we are promoting the introduction of security measures that are appropriate for hybrid on-premises/cloud environments.

Cloud strategy

We will migrate various IT infrastructure and applications to the cloud, making the IT assets owned by individual companies more lightweight. In addition, by using cutting-edge technologies and adopting globally standard applications, we rapidly respond to environmental changes such as expansions in our business portfolio.

In addition to the shift to the cloud for internal IT infrastructure environments, such as email and file-sharing, we will also build workflows by linking various business applications across multiple cloud platforms. By doing so, we are contributing to improved operational productivity by standardizing and automating operational processes.

Furthermore, we are working on changing the mindset of our employees, by advocating a cloud-first and asset-light approach where the latest technologies can be put to use right away without a group needing to own any particular IT assets.

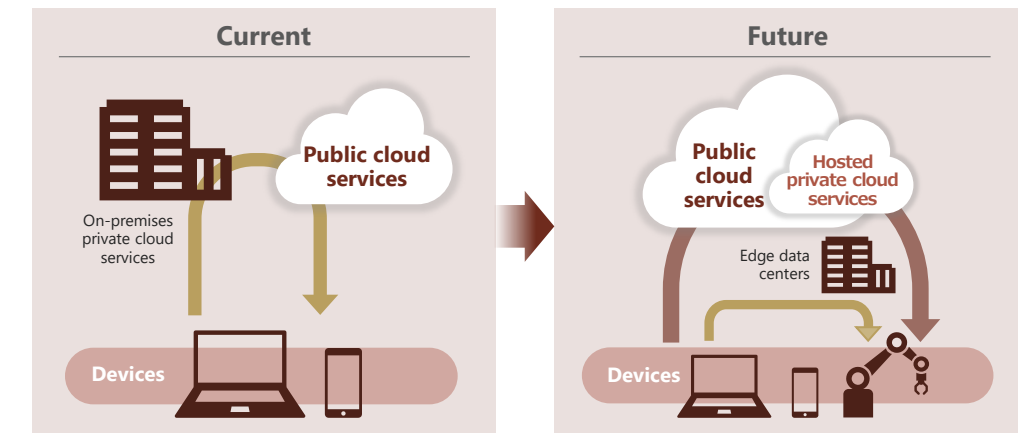


#1 CPS: Cyber-physical system #2 AR: Augmented reality #3 VR: Virtual reality

Edge strategy

We are providing platforms that seamlessly link edge and cloud computing solutions such as PCs, smart devices, and IoT devices in order to accelerate DX in development environments and manufacturing locations. We are considering the expansion of IT services related to network security to enable cloud services to be used securely even from business environments such as in research, development, production, and manufacturing.

In addition, we are focused on the spread of 5G communication, the adoption of CPS^{#1}, and support for real-time processing including for AR^{#2}, VR^{#3}, and data visualization. **We are also considering the development of infrastructure such as 5G environments and the use of edge data centers with low latency.**



IT Governance and Security

- 1 IT Rules and Standards
- 2 Initiatives to Enhance IT Controls
- 3 IT-BCP
- 4 IT-PMI

IT Governance and Security

Throughout the entire Hitachi Group, including companies in business reorganizations and companies integrated as a result of M&As, we are working to ensure security, compliance, and business continuity for internal IT. To respond to the risk of information leaks and increasing cyberattacks, as well as to ensure proper use of software, we are continuing our efforts to strengthen our IT controls.

IT Governance and Security **1** IT Rules and Standards

IT Governance and Security

Establishing IT Rules and Standards

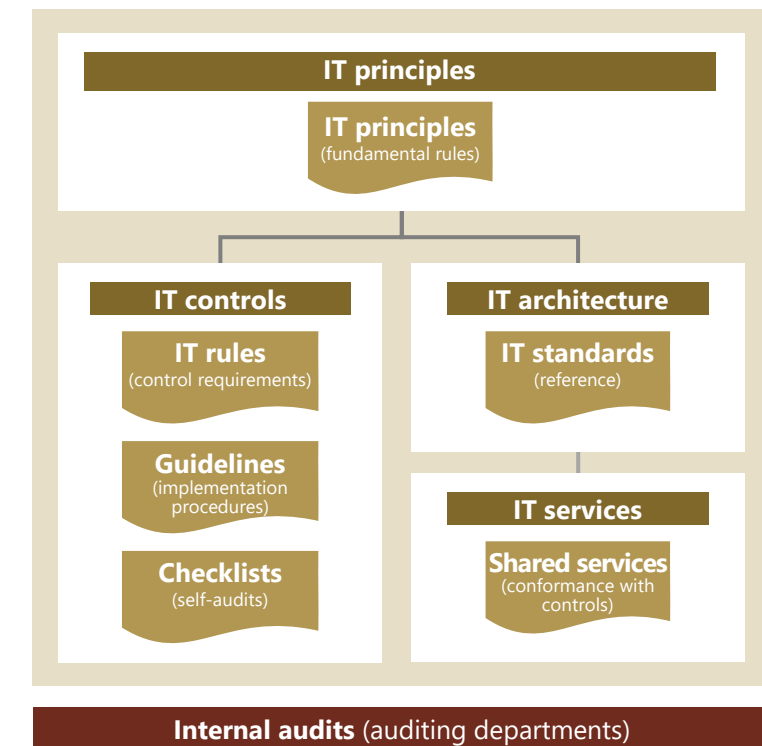
Aiming to reduce internal IT risks, we have established essential requirements for IT controls and IT architecture for BUs and Group companies as IT rules and standards to achieve information security, IT compliance, and business continuity.

Ensuring IT governance throughout the entire Hitachi Group

In supporting global business through internal IT, we must ensure that requirements in areas such as information security, IT compliance, and business continuity are met, and we must reduce both IT risks and IT costs. The Hitachi Group includes BUs and Group companies of various sizes and in various industries, located all around the world, making it important for us to define requirements that can be incorporated consistently for effective governance at all of these organizations.

For this reason, we have defined certain IT principles that serve as universal rules acceptable within the IT departments of all BUs and Group companies, regardless of region, type of business, or size. In addition, the essential requirements for IT controls, which are focused on measures to mitigate IT risks, and the IT architecture, which forms the basis of IT standardization, are defined as IT rules and standards common to the Hitachi Group. Furthermore, including providing IT services that conform to these standards and performing verification thorough internal audits, we have established and are using the Hitachi Group IT controls framework, which is a mechanism for ensuring IT governance throughout the entire Hitachi Group.

Hitachi Group IT controls framework



1 IT Rules and Standards

2 Initiatives to Enhance IT Controls

3 IT-BCP

4 IT-PMI

IT Governance and Security

- 1 IT Rules and Standards
- 2 Initiatives to Enhance IT Controls
- 3 IT-BCP
- 4 IT-PMI

IT Governance and Security **2** Initiatives to Enhance IT Controls

Thorough Compliance with IT Controls

Throughout the entire Hitachi Group, including companies resulting from business reorganizations and companies that have been integrated as a result of M&As, we are working to ensure information security, IT compliance, and business continuity for internal IT, and are encouraging the standardization and sharing of IT.

We are engaged in a thorough application of IT controls, by establishing IT rules and standards as well as by performing self-diagnostics and internal audits.

Promoting compliance with IT controls

To reduce internal IT risks, we require compliance with the IT rules that define essential requirement for IT controls. These rules center around aspects such as information security, IT compliance, and business continuity for Hitachi BUs and Group companies. To encourage compliance, we have defined self-diagnostic checklists for confirming the status of compliance with IT rules and guidelines, and have introduced a system whereby the various BUs and Group companies are obligated to regularly perform self-diagnostics of their company IT systems and take corrective actions as necessary. Furthermore, if any defects are detected through internal audits conducted by auditing departments, requests for corrective action are sent out to the BUs and Group companies, leading to thorough compliance with IT controls.

Applying the self-diagnostic system thoroughly

The self-diagnostic system is not limited to the Hitachi Group companies within Japan, but rather applies to the Hitachi Group companies outside of Japan as well. **In order to ensure that this system is used widely among BUs and Group companies, after clearly explaining the system to the applicable companies in each business group in advance, we implemented controls whereby the self-diagnostics are performed at affiliated companies under the responsibility of the relevant business group.** As a result of these efforts, the rate of companies performing self-diagnostics was 60% across the entire Hitachi Group in FY 2012, but we have maintained a rate of at least 90% each year from FY 2020 onwards. As we aim for 100%, we are continuing to enhance our efforts through cooperation with the leaders of business groups.

In addition, **Hitachi is providing to BUs and Group companies the services that are required to comply with the IT rules and guidelines (such as authentication and antivirus measures).** Along with the increase in cyberattacks in recent years, with respect to measures to address particularly high-risk software vulnerabilities, we have begun offering services to support the implementation of measures at BUs and Group companies as we clarify the response procedures in guidelines. For BUs and Group companies that struggle to implement sufficient measures on their own, we are working on applying services and raising the standard of measures taken.

Self-diagnostic implementation rate

98%

From the percentage of self-diagnostic results submitted regarding IT controls for FY 2022

Responding to business integration, such as via M&As

Against the backdrop of increasing business integration as a result of M&As, we are strengthening our efforts to reduce IT risks for the integrated BUs and Group companies at an early stage. Specifically, among the aforementioned self-diagnostic checklists, we select certain items that require priority compliance at integrated companies (such as taking measures against vulnerabilities). In addition, in the event that any deficiencies are detected among such items after self-diagnostics for the priority items are performed at the integrated companies, we request that the parent company business groups acquiring such companies implement corrective actions by the appropriate deadlines.

IT Governance and Security **3** IT-BCPIT Governance
and Security**1** IT Rules and Standards**2** Initiatives to Enhance IT
Controls**3** IT-BCP**4** IT-PMIIT-BCP^{#1}: Supporting Business Continuity by Using IT

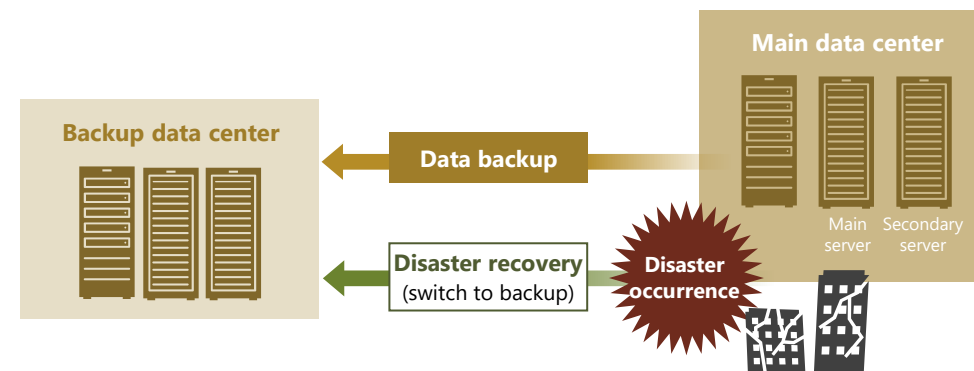
With respect to large-scale earthquakes (such an earthquake is said to have a high probability of occurring in Japan in the near future) and natural disasters arising from global warming, as well as various other kinds of emergencies, such as pandemics and cyberattacks, we are formulating and operating IT-BCPs that enable us to support business continuity for the Hitachi Group through IT.

In addition, we are continually revising our plans so that we will also be able to support next-generation IT architecture such as zero-trust security and on-premises/cloud hybrid environments.

Responding to disasters

With respect to events such as large-scale earthquakes, **we are engaged in server installation and operation for achieving robust data centers, as well as selecting cloud systems that enable services to continue running during times of disaster. In addition, we have set target recovery times for each service, and have defined the corresponding disaster response levels.** As such, **we have established secondary servers and data-backup environments to ensure data security, while at the same time using configurations whereby systems that provide services important for business continuity are allocated across multiple data centers and cloud systems so that we can quickly recover from any disaster.** We conduct regular drills according to these BCP measures to prepare for emergencies.

Moreover, we have established and enhanced remote-work environments accompanying the support for new styles of working and expanded use of cloud systems. Even if a pandemic occurs, we can use the remote-work environment and business can continue. In addition, we are defining the operation of systems that are required to continue remote work by priority level based on the impact of such operations on maintaining societal functions, and are improving the relevant operating plans.

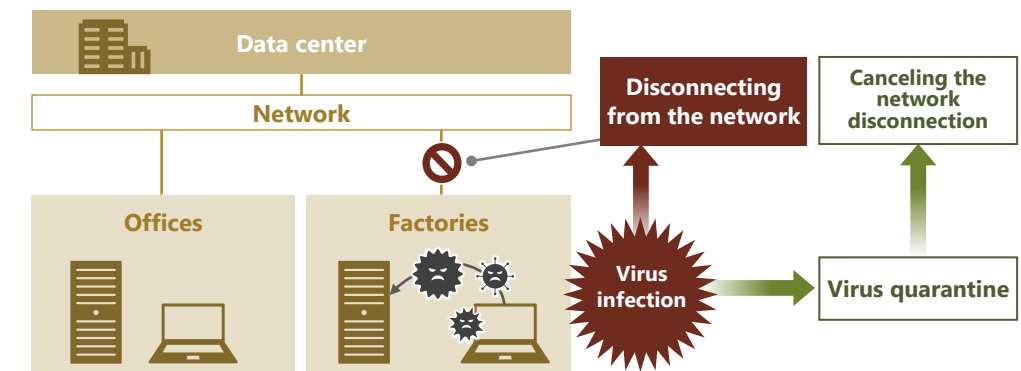


#1 IT-BCP: IT business continuity plan

Responding to cyberattacks

To address cyberattacks, **we are transitioning to a next-generation IT architecture based on boundary-oriented security and zero-trust security to achieve robust security measures.** As such, we have assumed various scenarios, in which we are targeted by cyberattacks, such as ransomware or targeted attack emails, worm viruses, and unauthorized accesses to public-facing servers, and **have established procedures for responding to them from initial response to recovery, according to the type of attack. These responses include actions such as isolating infected systems by disconnecting them from the network, quarantining the virus, and then canceling the network disconnection. We are endeavoring to implement safe system operation and rapid recovery.**

Furthermore, in order to normalize and improve our BCPs, we regularly review our response procedures. For example, we conduct drills against envisioned cyberattacks and constantly prepare against new threats.



IT Governance and Security

IT Governance and Security **4** IT-PMI

Promoting IT-PMI^{#1} Globally

In preparation for the investment in priority business fields and reorganization of businesses under the Hitachi Group's 2024 Medium-Term Management Plan, we are enhancing the capability to support the integration and partitioning of IT, which will be key points for successful M&A, and are engaged in initiatives to lower risks and increase efficiency via IT-PMI globally.

Reducing risks and improving efficiency via IT-PMI

The Hitachi Group's IT departments are promoting IT-PMI, which includes activities for integrating and partitioning IT, along with business reorganization. In recent years, the Group has completed large-scale and global mergers such as with GlobalLogic, and completed the separation of Hitachi Transport Systems, Ltd., Hitachi Metals, Ltd., and Hitachi Construction Machinery Co., Ltd. from Hitachi, Ltd. For M&As in the future, smooth and efficient IT integration and partitioning will be required. **To allow the Hitachi Group to lower risks and improve efficiency alongside IT-PMI, we have adopted IT-PMI guidelines that systematize the processes to be performed in a standard manner.**

Continually expanding the IT-PMI guidelines

New companies that are joining the Hitachi Group are required to comply with the Hitachi Group's IT rules and establish an IT management system as soon as possible after the acquisition is completed. For the acquired companies, during FY 2022 we prepared materials **covering basic Hitachi Group IT information that is necessary to formulate and implement the IT management structure, its establishment process, and IT-PMI planning.** These are expected to accelerate IT-PMI by improving the understanding of Hitachi Group IT management.

Enhancing the capability to support IT-PMI projects

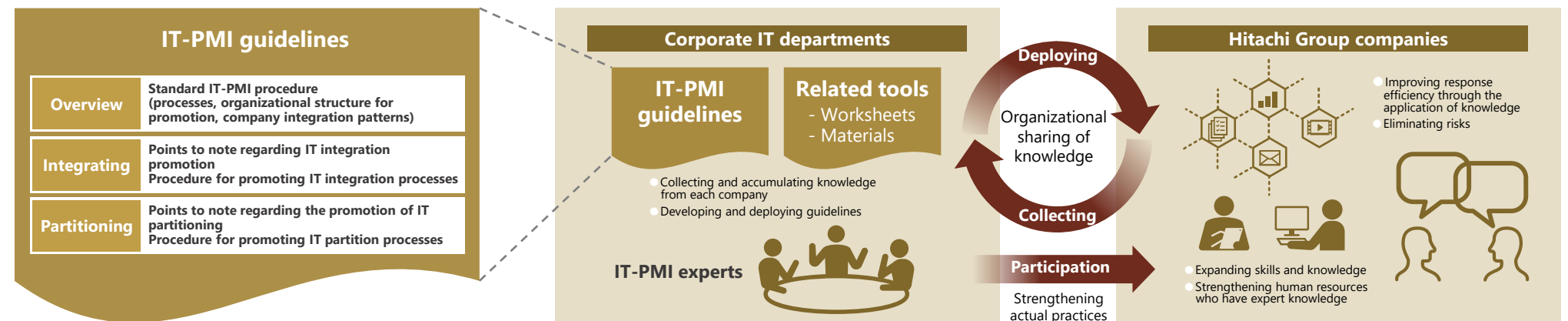
To achieve the business income and expenditure plans of M&As, it is important to minimize divergence between the planned and actual IT-PMI costs and IT operating costs. In order to share this common understanding among all personnel related to M&As, we are making various efforts that include holding briefings on IT-PMI for companies in Japan and outside Japan. In addition, IT-PMI experts strategically participate in actual projects to further consolidate their skills and knowledge. We are improving our project-support capabilities by enhancing resources.

1 IT Rules and Standards

2 Initiatives to Enhance IT Controls

3 IT-BCP

4 IT-PMI



#1 IT-PMI: IT post-merger integration (IT integration following the merging or acquisition of companies)

Environment and Talent Management

1 Environmental Initiatives

2 Organizational Structure for Promoting DX

3 Personnel Management

Environment and Talent Management

At IT departments, in coordination with the ESG policies of the entire Hitachi Group, we are actively engaging in solutions to problems related to the environmental impact reduction.

In addition, we are accelerating the reallocation of IT resources, the training of human resources, and the securing of diverse human resources, promoting the globalization of IT human resources.

Environment and Talent Management

Environment and Talent Management **1** Environmental Initiatives

Environmental Activities

At IT departments, while we are engaged in the ongoing and expanded promotion of IT operations that have a limited impact on the environment, we are also contributing to making Hitachi carbon-neutral by 2030. This will be accomplished through realizing KPI measurements and data visualization related to environmental contributions throughout the entire Hitachi Group via the promotion of IT usage and DX.

Rate of reduction in CO₂ emissions due to server reductions at Hitachi data centers

About **60%**

Results for reductions in FY 2022 (compared to FY 2010)

Promoting IT operations that have a low environmental impact

In order to achieve company-wide environmental goals, the IT departments are focusing its activities on reducing the CO₂ emissions from IT itself. Specifically, **we are continuing and expanding our efforts to achieve carbon neutrality by reviewing the use and operation of IT devices such as data center servers and user devices (PCs and smartphones).** We are promoting these measures to be completed by FY 2027.

In our efforts to reduce the environmental impact of data center servers, we are promoting cloud lift and shift of servers in cooperation with public cloud vendors, as well as energy-saving and energy-recycling at Hitachi Group data centers. As a result of continuous improvement in efficiency and reduction of power consumption by servers in the Hitachi data centers, in FY 2022, we were able to achieve about 60%

reduction in CO₂ emissions (compared to FY 2010).

In our efforts to reduce the environmental impact of user devices (PCs and smartphones), we are promoting replacement with new models that will lead to a reduction in environmental impact. For client PCs, we will offer new models with the right to offset CO₂ emissions over their lifecycle as an IT service to Hitachi to encourage the replacement. For smartphones, we will contribute to the reduction of CO₂ emissions by encouraging the replacement from older models to newer 5G-compatible models that will facilitate the use of carrier 5G equipment and base stations operated by renewable energy.

Through these efforts, we will achieve reductions in the CO₂ emissions of IT itself and strengthen our activities for greater effect.

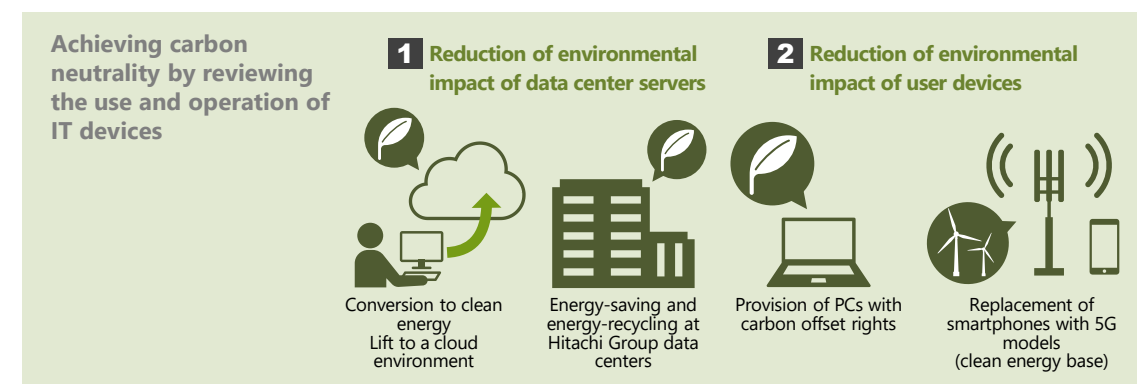
Enabling KPI measurements and data visualization related to environmental contributions

Through the use of a shared ERP platform that is used throughout the entire Hitachi Group, we are working to accomplish the automatic collection and centralized management of environmental data. As part of this effort, we worked with external partners to collect and verify visualization of environmental data. We also introduced an environmental database and dashboard to visualize KPIs related to environmental contributions. We will continue to promote the visualization of the data necessary for managing GHG^{#1} emissions based on the supply chain emissions calculations defined by Japan's Ministry of the Environment.

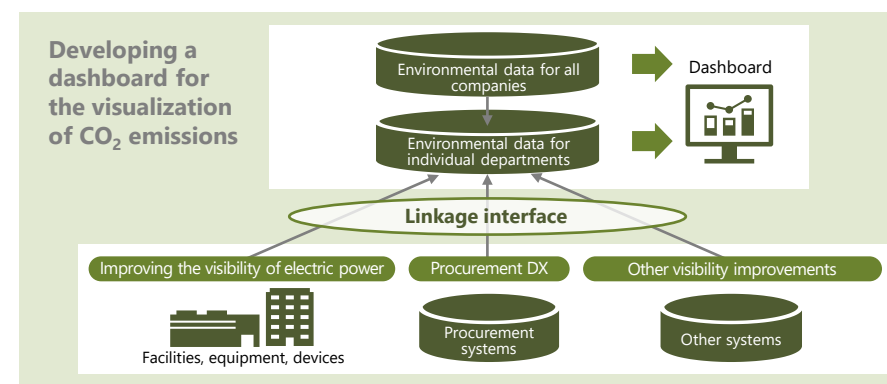
1 Environmental Initiatives

2 Organizational Structure for Promoting DX

3 Personnel Management



#1 GHG: Greenhouse gas



Environment and Talent Management **2** Organizational Structure for Promoting DX

Environment and Talent Management

Organizational Structure for Promoting DX

In order to contribute to accelerated DX promotion and business growth throughout the entire Hitachi Group, the IT departments are formulating and promoting DX-related policies and strategies; providing expertise, shared platforms, and services; and training digital human resources.

Promoting organic linkages among IT departments within the Hitachi Group

The Hitachi Group is promoting internal operating reforms and business structure reforms through DX that make use of digital technologies. Through these activities, **we are working to formulate and promote the IT and DX strategies of the Hitachi Group, establish a digital management platform, and provide a CoE implementation of IT and DX expertise. At the same time, we will provide IT services and solutions that are shared globally.**

With linkage between the departments promoting corporate reforms and the IT departments, we are promoting DX throughout all companies by using a top-down approach.

Alongside these efforts, with respect to the challenges and needs of the business departments, the IT departments will provide support regarding the provision of platforms, analytical support, human resources training, and more, while also contributing to the promotion of DX by using a bottom-up approach.

Moreover, through the promotion of DX internally, accumulated knowledge and expertise relating to DX will be stored in Lumada, allowing us to provide value to society through sharing and collaborative creation with our customers and partners.

Developing digital human resources who have digital expertise

Securing human resources with digital expertise who will promote DX throughout the entire Hitachi Group is of great importance, and we are engaged in managing IT and DX human resources at a global scale. **We are making efforts to strengthen training of human resources to increase their digital expertise, such as by building training systems and conducting specialist training through certification systems.**

In addition, in order to allow all employees to continuously improve in the knowledge and skills required for DX promotion, **we are developing a diverse range of activities, including the transmission of various information, training courses and e-learning, practical exercises involving on-site challenges and data importing, and internal communication activities.**

1 Environmental Initiatives

2 Organizational Structure for Promoting DX

3 Personnel Management



Environment and Talent Management **3** Personnel Management

Environment and Talent Management

Global IT Human Resources Management

We will train human resources who have the capabilities to contribute via IT to the global business expansion of the Hitachi Group, transforming our IT human resources portfolio.
We will actively promote diversity, aiming to further change how employees think and develop their mindsets.

Percentage of human resources within Japan who handle global matters **About 60%**
Target value for FY 2024
Human resources who handle global matters: Human resources who fall into levels from 1 to 3 in the IT human resources portfolio

Transforming the IT human resources portfolio

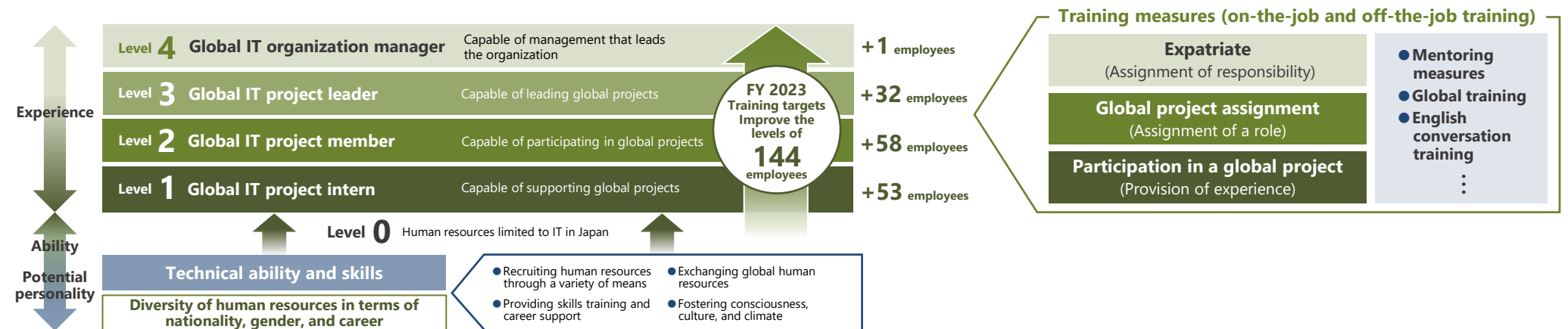
We aim to have our IT departments be among the best in the world and will work to obtain and train global IT human resources, including digital human resources, and improve technical skills. Specifically, as we look towards achieving the goals of the 2024 Hitachi Group IT Medium-Term Plan, we will envision what we want our human resources to look like, and as we review our IT human resources portfolio, support the corresponding career paths and the strengthening of the requisite technical capabilities and skills. Moreover, by having employees working in Japan participate in global projects, we will further strengthen their ability to handle global matters. From FY 2023, we will establish the Global IT Talent Development (GITD) Promotion Team, set up KPIs for employees to be trained and materialize training plans, and develop global human resources by implementing both on-the-job training and off-the-job training.

Promoting Diversity, Equity, and Inclusion (DEI#1)

Our promotion of DEI is unified with the management strategy for the Hitachi Group, with IT departments actively engaged in the goal of achieving sustainable growth for both companies and employees.

From a medium- to long-term perspective, our goal is to realize an organization without bias in terms of nationality, gender, or experience (that is, experience outside the Hitachi Group) as we diversify our human resources. We are working to achieve more active communication with employees while we aim to achieve a culture (consciousness and climate) that allows a diverse range of human resources to thrive, through a fair and independent career-oriented support structure. From FY 2023, we will appoint new leadership human resources for overseas sites to globally strengthen formulation of strategies and decision-making. We will continue further acceleration of our global businesses with respect to diversity.

- 1 Environmental Initiatives
- 2 Organizational Structure for Promoting DX
- 3 Personnel Management



#1 DEI: Diversity, equity, and inclusion

 **Hitachi, Ltd. IT Strategy & Digital Integration Division**

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